

## Statement of Congressman Mike Michaud on President Bush's FY 2008 Budget

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"In the President's budget proposal for next year, there are some positive changes that I am glad to support. I am very pleased that the President's budget includes \$10 million of new funding to restore habitat in the Penobscot River watershed in order to rebuild populations of Atlantic salmon. I have made the restoration of the Penobscot a priority, and I am glad that the Administration is finally making a significant commitment to this project. I am also pleased that \$17.2 million for the construction of the Madawaska Land Port of Entry is included.

"I also fully support the President's goal of bringing the federal budget to balance. Republicans and Democrats joined together in the House to take the necessary first step toward reinstituting fiscal discipline by passing PAYGO budget rules in January. Unfortunately it doesn't seem that the Administration is living up to similar standards. His fiscal plan contains unrealistic assumptions that mask our country's true fiscal situation.

"For example, this budget assumes that the cost of the military operations in Iraq and Afghanistan will drop to \$50 billion in 2009, after budgeting \$145 billion for 2008. No additional cost is budgeted after 2009. Given the Administration's open-ended commitment in Iraq and the President's lack of a plan for the future, this amounts to nothing more than a transparent budget gimmick.

"The Administration is also calling for nearly \$2 trillion in tax cuts, while only partially fixing the alternative minimum tax (AMT) that will begin to hit millions of middle class households. Instead of fixing this middle class tax hike, the President only offers a one year AMT patch in his budget. This is a problem that needs a long-term solution. I support tax relief for middle-income and working families.

"The White House's misplaced budget priorities end up shortchanging domestic priorities like Medicare, Medicaid and education. Programs that are specifically important to

Maine have been cut - the Low Income Home Energy Assistance Program is cut by \$500 million; the Community Development Block Grants Program is cut by over \$1 billion; Amtrak is cut by \$670 million; and the Manufacturing Extension Partnership Program that helps or small manufactures to prosper is cut by almost \$60 million. All of these cuts hurt Maine, and I will work hard with the delegation to restore support for these programs."

According to the Congressional Joint Economic Committee, there are a number of specific proposals in the President's budget that could have a negative impact on the people of Maine.

- Social

Security - The Administration has again included a plan to privatize Social Security in the budget. In Maine, 186,000 beneficiaries could be subject to an annual benefit cut of \$6,335 under the President's private account plan, according to an analysis by the House Ways and Means Committee.

- Medicare

and Medicaid - The administration's budget includes \$78 billion in Medicare and Medicaid cuts and billions in new premiums. This could hurt Maine's 233,000 Medicare patients. It would mean higher premiums for coverage of prescription drugs and doctors' services, with lower fees for home health agencies, hospitals and nursing homes. The administration's budget also assumes that an 8-percent Medicare reimbursement cut for doctors scheduled to go into effect next year will not be reversed.

SCHIP

- The President's budget would slightly increase the federal contribution to the State Children's Health Insurance Program (SCHIP). However, this is \$10 billion less than is needed to merely continue covering the children already enrolled in SCHIP. From FY2003 to FY2006, Maine's SCHIP block grant funding has already been reduced from \$24.4 million to \$15.2 million.

- College

Tuition - The President's budget again freezes funds for key college programs like work study and zeroes out Supplemental Educational Opportunity Grants (SEOG). In 2006, Maine received \$7.7 million in federal college work study funds and \$6.8 million in SEOG grants.

- Homeland

Security - The State Homeland Security Grant Program, which awarded \$47.1 million to Maine from 2003 through 2006, is cut to \$187 million. The Law Enforcement Terrorist Prevention Program (LETPP) is cut from \$384 million in 2006 to \$263 million. Maine received \$11.9 million from 2004 through 2006 in LETPP funding for prevention of terrorist attacks, intelligence gathering and interoperable communications.

- Policing

and Crime - The budget again attempts to eliminate the Community Oriented Policing Service (COPS) program and Justice Assistance Grants (JAG). COPS helps Maine's law enforcement agencies to hire police officers, enhance crime fighting technology, and support crime prevention initiatives, while JAG supports state and local drug task forces, community crime prevention programs and prosecution initiatives. In 2006, Maine received \$1.5 million in JAG funding and \$282,000 million in COPS funding.

- CDBG - After

being saved by Congress two years in a row, the Community Development Block Grant Program (CDBG) is once again threatened. CDBG funding is being reduced by \$5.9 million from its 2006 funding level of \$20.0 million. Maine municipalities are near unanimous in their support for this important economic development program.